



# South Carolina Department of Insurance

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## CREDIT ACCIDENT & HEALTH SUPPLEMENT

Please review this link for proper "Type" of Filing : [South Carolina Life, Accident, and Health "Type" of Insurance](#)

### PART I

Type of Filing \_\_\_\_\_

To ensure that the filing is reviewed in compliance with the appropriate laws and regulations, please advise if the filing is *group, individual or a non-credit term life filing*.

Type of Loan \_\_\_\_\_

To ensure that the applicable laws and regulations are applied, advised if the loan is *open-end, closed-end or MOB (monthly outstanding balance)*.

### PART II

1.38-5-10, 38-25-115, 150 Is the insurer licensed? ( )yes ( )no ( )n/a Page #  
Comments:

The insurer must have the authority for "life" insurance, if applicable  
The insurer must have the authority for "accident & health, if applicable

2. Bulletin 93-2 Section B.1 Filed in duplicate, John Doe'd, Final Print ( )yes ( )no ( ) n/a Page #  
Comments:

All filings must be submitted in duplicate (duplicate means two separate complete filings separated by Clips or stapled and not tow copies of every form unseparated).

All forms must be completed in "John Doe" fashion with all schedules and/or tables properly completed.

All forms must be original copies in final print. Fax filings or responses will not be accepted.

- Note: a) Filings which have been withdrawn or disapproved must be resubmitted in their entirety in accordance with Bulletin 93-2.  
b) The Department does not grant tentative approvals. All forms must be submitted in final print in the exact manner in which they will be issued.

3. Bulletin 93-2 Section B.12. Notarized Certification of Compliance, etc. ( )yes ( )no ( )n/a Page#  
Comments:

To ensure that companies review their forms prior to submission to ascertain their compliance ~~with~~ <sup>notarized</sup> South Carolina statutes, regulations and bulletins, the filing must include the following certification signed under oath ) by an officer of the company:

*"I have reviewed or supervised the review of the policy forms contained in this filing and hereby certify that they are in compliance with the applicable statutes, regulations, and bulletins of the State of South Carolina. I further certify that they will be revised and/or discontinued in the event of future changes in the statutes, regulations, or bulletins which would prohibit the use of such forms."*

Note: The certification should: accompany all filings; be signed by an officer of the company; be notarized; contain original (not stamped or Xeroxed) signatures and contain the **Exact** language prescribed.

4. Bulletin 93-2 Section B.6, 34-29-166, 37-4-105 Certification of Readability ( )yes ( )no ( ) n/a Page #  
Comments:

Act #66 of 1999 added various disclosure requirements specifying that these disclosures must achieve a grade level score of no higher than seventh grade on the Flesch-Kincaid readability test. With respect to these disclosures it is important to note the following:

*Note: The grade level score of no higher than seventh grade on the Flesch-Kincaid readability test applies to these specified disclosures only, S.C. Code Ann. §§ 34-29-165 (Evidence of Insurability), 34-29-166 (Insurance Coverage), 37-4-105 (Insurance Coverage), 37-4-201 (2) (Evidence of Insurability), 37-4-201 (3) (b) (iv) (Truncated Coverage Disclosure), and 37-3-202 (2) (d) (Insurance Coverage).*

*Note: The readability requirements in South Carolina Regulation 69-5.1 (D) (1) (a) continue to apply to all other forms for which a Flesch-Kincaid grade level score is not separately specified.*

*Note: If the disclosure is included as a part of a larger form, the larger form, taken as a whole, must continue to comply with the requirements of South Carolina Regulation 69-5.1 (i.e., it must achieve a Flesch score of at least 40).*

PART III

1. Maximum Amount of Credit Life Insurance Coverage ( ) yes ( ) no ( ) n/a Page #  
Comments:

- A) Form loans (or debts) with a term of sixty months or less the maximum amount of credit life insurance that may be written is “the periodic installment payment multiplied by the number of scheduled periodic installment payments.” Gross coverage may also be defined as the scheduled outstanding balance of the loan plus the interest and finance charges that may be charged over the remaining life of the loan.
- B) For loans (or debts) with a term in excess of sixty months, the maximum amount of credit life insurance that may be written is “the amount necessary to liquidate the remaining debt in a single lump sum payment, excluding all unearned interest and other unearned finance charges, plus six monthly installment payments” (i.e., “net coverage + 6 monthly payments”).

2. 34-29-160; 37-4-108(3) Refund of Unearned Premiums ( )yes ( )no ( ) n/a Page #  
Comments:

A creditor is not required to grant a refund or credit of a life insurance premium to the debtor if any refund or credit due to the debtor is less than three dollars.

**Note: applicable to both restricted and supervised lenders**

3. 34-29-160, 37-4-210 Definition of Disability ( )yes ( )no ( ) n/a Page #  
Comments:

“Disability shall not be defined more restrictively than the inability of the insured to engage in his own occupation during the first year of disability or for the length of the benefit period if less than one year. After the first year of disability, disability shall not be defined more restrictively than the inability of the insured to engage in the substantial duties of any gainful occupation for substantially equivalent remuneration to the insured’s own occupation. Substantially equivalent means not less than seventy five percent of the insured base wage, exclusive of overtime and bonus, as of the date the disability commences.”

4. 34-29-160 Credit Accident and Health premiums /minimum of 50% loss ratio ( )yes ( ) no ( )n/a Page #  
Comment:

The premium rates and rate levels must be calculated to produce and maintain a ratio of loss incurred, or reasonably expected to be incurred, to premiums earned, or reasonably expected to be earned, of not less than fifty percent, and rates producing a lesser loss ration are considered excessive.

5. 34-29-160; 37-4-203 Maximum Credit Life Premiums ( )yes ( )no ( ) n/a Page #

Comments:

Mandates a reduction in the maximum premiums that may be charged for credit life insurance.

**Note: Effective January 1, 2001**

	<i>Decreasing Balance</i>	<i>Level Balance</i>
<i>Individual</i>	<i>\$0.57</i>	<i>\$1.14</i>
<i>Joint Ins.</i>	<i>\$0.95</i>	<i>\$1.89</i>

*Note: Effective January 1, 2001, credit life insurance premiums for each on hundred dollars of indebtedness are considered reasonable and may be charged if they are not greater than the amounts given in the above table times the number of years, or fraction of a year, that the indebtedness covered by insurance is scheduled to continue.*

6. 34-29-162; 37-4-110 Renewal & Refinancing ( )yes ( )no ( ) n/a Page #

Comments:

All filings must allow the debtor the option to obtain insurance coverage upon deferral, refinancing, or consolidation, if the insurance coverage upon the original loan has not lapsed. Option is subject to the following requirements:

- a) The amount of the insurance coverage must be at least equal to the amount of coverage remaining at the time of the deferral, refinancing, or consolidation.
- b) The term of the insurance coverage must be at least equal to the term of the original insurance coverage.
- c) The insurance coverage, up to the amount of the coverage remaining at the time of deferral, refinancing, or consolidation and for a term not to exceed the length of the term of the original insurance, shall not be subject to evidence of insurability.
- d) Incontestability and waiting periods for insurance coverage, up to the amount of coverage remaining at the time of deferral, refinancing, or consolidation and for a term not to exceed the length of the term of the original insurance, must be based upon the date of the original loan.

*Note: a) applicable to restricted and supervised lenders. b) provisions only apply if **the deferral, refinancing, or consolidation is with the same lender(creditor) and the same insurer.** c) does not apply to insurance, which no identifiable charge is made to the debtor. d) **the right to continue the coverage must be specified in the insurance contract.***

7. 34-29-163; 37-4-207 Incontestability ( )yes ( )no ( ) n/a Page #

Comments:

The policy or certificate cannot be declared void and the insurer cannot avoid payment of the claim based upon a misrepresentation made by the insured regarding medical conditions or health history required in furnishing evidence of insurability that is not causally related to the contingency or event by which the policy claim arise.

*Note: a) the insurer must prove a causal connection between the contingency or event by which the policy claim arose and the misrepresentation made by the insured in furnishing evident of insurability.  
b) policy forms containing an incontestability provision must be refiled to reflect this modification to the incontestability provision.*

8. Non-filing Insurance

( )yes ( )no ( ) n/a Page #

Comments:

The maximum amount that may be charged for non-filing insurance and related issues.

- A) Require that the amount charged for non-filing coverage shall not exceed seventy-five percent of the official fee defined in §37-1-301 (17) of the S. C. Code of Laws.

- B) Exclude from the definition of “official fees” a premium payable for insurance in lieu of perfecting a security interest when the security interest is a purchase money security interest defined in §36-9-107, for which, in accordance with §36-9-302 (1) (d), perfection by the filing of a financing statement is not required effective April 1, 2000.
- C) Exclude from the definition of “official fees” a premium payable in lieu of perfecting a security interest when the collateral is such that it cannot be used as a security for a loan pursuant to the Federal Credit Practices Rule or §37-5-108 of the S. C. Code of Laws.

9. Evidence of Insurability \_\_\_\_\_

Comments:

Evidence of Insurability may be obtained and there is no restrictions or limitation of this application with regard to any credit insurance products whether written as a group or individual policy/certificate. If evidence of insurability is required, and the insured’s eligibility is to be determined by inquiries about existing or past medical conditions, the medical conditions inquired about shall be clearly and conspicuously disclosed in plan language on forms promulgated or approved by the Department of Insurance which achieve a grade level score of no higher than seventh grade.

*Notes: 1) The Disclosure must be in a clear and conspicuous manner in bold type, with space for the insured to personally acknowledge the disclosure by a dated signature or initial immediately adjacent to the disclosure.*

*2) Insurance cannot be denied on the basis of any medical condition not so disclosed.*

a. 34-29-165 (1) Applicable to Restricted Loans ☐ yes ☐ no ☐ n/a Page #

Comments:

Consumer credit insurance provided by a creditor may be subject to the furnishing of evidence of insurability satisfactory to the insurer.

b. 37-4-201 (1) Applicable to Supervised Loans ☐ yes ☐ no ☐ n/a Page #

Comments:

Consumer credit insurance provided by a creditor may be subject to the furnishing of evidence of insurability satisfactory to the insured.

10. Disclosure requirements for credit insurance policies ☐ yes ☐ no ☐ n/a Page #

Comments:

Each policy or certificate of credit life insurance or credit accident and sickness insurance shall set forth the following information on the first page of the policy or attached thereto in a manner that is clear and conspicuous and achieves a grade level (score) of no higher than seventh grade on the Flesch-Kincaid readability test.

*Note: These requirements were added to address concerns that consumers were not getting appropriate information with respect to the product purchased, the identity of the insurance company, the process to be followed in submitting a claim and how to get information about their policy or credit insurance in general.*

a.34-29-166(a), 37-4-105(B)(1) Name, Address, & Telephone Number of Insured ☐yes ☐no ☐ n/a Page #

Comments:

All filings must include the name, address and telephone number of the insurer and the process to be followed in submitting a claim.

b.34-29-166(b),37-4-105(B)(2) Name of Debtor ☐yes ☐no ☐ n/a Page #

Comments:

All filings must provide for the name or names of the debtor, or in the case of a certificate, the identity by name or otherwise of the debtor

c.34-29-166(c),37-4-105(B)(3) Age or Date of Birth of Debtor ☐ yes ☐ no ☐ n/a Page #

Comments:

All filing must provide for the age or date of birth of the debtor

d.34-29-166(d),37-4-105(B)(4) Premium Amount Payable by Debtor ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings must include the premium or amount payable by the debtor separately for credit life insurance and credit accident and sickness insurance

e.34-29-166(e), 37-4-105(B)(5) Description of Coverage ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings should include a description of the coverage including the amount and term of the coverage, and any exceptions, limitations, or restrictions

f.34-29-166(f),37-4-105(B)(6) Statement to extinguish indebtedness ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings must include a statement that benefit shall be paid to the creditor to reduce or extinguish the unpaid indebtedness

g.34-29-166(g), 37-4-105(B)(7) Excess Amount of Insurance ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings must include a statement that, if the amount of insurance exceeds the amount necessary to discharge the indebtedness, any excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to the debtor's estate.

h.34-29-166(h),37-4-105(B)(8) Right to Cancel ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings must include a conspicuous statement that the insured debtor shall have the right to cancel the insurance policy or group certificate and have all premiums paid by or charged to the insured debtor refunded or credited, upon giving written notice to the insurer within *thirty days* from the date the insured debtor received the policy or certificate

i.34-29-166(I) 37-4-105(B)(9) Required Statement ☐ yes ☐ no ☐ n/a Page #

Comments:

All filings must include a conspicuous statement, which reads as follows: "FOR SPECIFIC INFORMATION ABOUT CREDIT INSURANCE ISSUED IN CONJUNCTION WITH YOUR LOAN, CONTACT YOUR CREDITOR OR YOUR INSURANCE COMPANY. FOR GENERAL INFORMATION ABOUT CREDIT INSURANCE OR COMPLAINTS REGARDING YOUR CREDIT INSURANCE, PLEASE CONTACT THE SOUTH CAROLINA DEPARTMENT OF INSURANCE AT [CURRENT TELEPHONE]."

11. 37-4-201 Length of Coverage ☐ yes ☐ no ☐ n/a Page #

Comments:

- 1) Adds a provision relating to situations where the term of the insurance coverage is less than the term of the consumer credit transaction. The original schedule term of the insurance must extend at least until the due date of the last schedule payment of debt unless
  - a) The insurance relates to a revolving charge account or revolving loan account, in which the term need only extend until the payment of debt under the account and may be sooner terminated after at least thirty days' notice to the debtor
  - b) The consumer chooses to purchase insurance for less than the term of the consumer credit transaction and if the consumer is advised in writing that the insurance will be written for a specified shorter time subject to certain conditions (see below)

- Notes: 1) For all closed-end transactions in which the debtor's age at maturity would not exceed any applicable age limit, the debtor must be given a disclosure that the insurance is for the length of the loan.
- 2) The disclosure may allow the consumer to affirmatively sign a statement that term of the insurance is less than the length of the loan, in which case, the coverage must be written for the duration agreed to by the parties and must clearly and conspicuously indicate the length of the insurance coverage and the length of the insurance coverage is less than the term of the loan.
- 3) All insurance may be subject to a provision by which the insurance terminates when the insured debtor attains a specified age, which shall not be less than sixty-six years; provided, that any premium paid by or charged to a debtor for a period of coverage beyond such termination age shall result in coverage being continued until the end of the period for which the premium payment or charge is made.
- 4) The disclosure must achieve a grade level score of no higher than seventh grade on the Flesch-Kincaid readability test.
- 5) Not applicable to restricted lenders

12. Electronic Transactions ( )yes ( )no ( ) n/a Page #  
Comments:

Grants exceptions to the signature requirement for certain required disclosures for electronic transactions that meet the following specified conditions:

- 1) the plan is an open-end loan or open-end credit plan;
- 2) the insurance election or change is made by the debtor at a time after the plan documents are initially completed and the plan is established;
- 3) the premiums or insurance charges are to be added to the account monthly on an outstanding balance basis;
- 4) the insurance election or change is requested by the debtor by telephone or other electronic means;
- 5) the consumer has the ability to cancel the credit insurance at any time; and
- 6) the consumer is given a clear and conspicuous disclosure in plain language on the first statement in which the additional charge is included stating that there has been an increase in the insurance premium and that the coverage may be canceled at any time. In lieu of providing the disclosure on the first statement in which the additional charge is included, a separate disclosure may be mailed to the consumer no later than in conjunction with the mailing of the first statement in which the additional charge is included.

13. Redundant Disclosures ( )yes ( )no ( ) n/a Page #  
Comments:

Nothing in Chapter 4 of Title 37 of the S. C. Code of Laws should be construed to prohibit the creditor from combining disclosures required by the chapter with other disclosures required under state and federal law in order to avoid redundancy.

14. 37-4-201(i) Misstatement of Age ( )yes ( )no ( ) n/a Page #  
Comments:

The general provision in the S. C. Insurance Code related to misstatement of age or sex applies to credit insurance. However, if a policy **is issued** beyond the terminating age (e.g.66) due to a misstatement of age, the insurer must continue the coverage beyond the terminating age until the end of the period for which the premium payment or charge is made.

**Note: applicable to supervised lenders**

PART IV

1. 37-3-202 (2) Noncredit Term Life Insurance ( )yes ( )no ( ) n/a Page #  
Comments:

Permits the sale of noncredit term life insurance subject to certain conditions. Noncredit insurance may be sold:

Provided that the person soliciting the sale of such insurance is properly licensed as required under

South Carolina insurance laws and the lender is properly licensed as an agency as required under South Carolina insurance laws and clearly and conspicuously disclose to the insured, prior to the consummation of the insurance purchase, the right to cancel and provides the insured at that time with a form in duplicated signed by the insured. This form shall clearly and conspicuously state in a manner that achieves a grade level score of no higher than seventh grade on the Flesch-Kincaid Readability test as required under S.C. Code § 37-3-202 (2), items (i) through (ix).

- Note:*
- 1) Applies to supervised lenders only.*
  - 2) Noncredit term life policies must be filed with the Department for approval prior to use.*
  - 3) Supervised lenders selling non-credit term life insurance must comply with South Carolina licensing requirements*
  - 4) Supervised lenders shall not charge the insured more for the insurance policy than they are charged by the insurer. Additional fees or charges may not be added to the premium charged to the insured.*

2. 37-4-203      Compliance with applicable insurance laws      ☐yes ☐no ☐ n/a      Page #  
Comments:

Attached appropriate checklist where applicable.